



# NEXT SOURCE materials

**2025**  
ESG Report



# About this Report

This report provides information on our sustainability performance for the 12 month ending 31 December 2025. During this period, we have achieved steady state production and continued the sale and export of our products from our operational site, Molo Graphite Mine (Molo), in southern Madagascar. From end July 2025 we shifted Molo to campaign production mode in order to refocus our resources on advancing our vertical integration. Where relevant, we have provided qualitative context from earlier periods.

This report has been prepared in line with the GRI Standards and in alignment with other relevant formats including the ICMM guidance and IFRS S2 recommendations.

For information on the reports, please email [markus@nextsourcematerials.com](mailto:markus@nextsourcematerials.com) and [brent@nextsourcematerials.com](mailto:brent@nextsourcematerials.com)

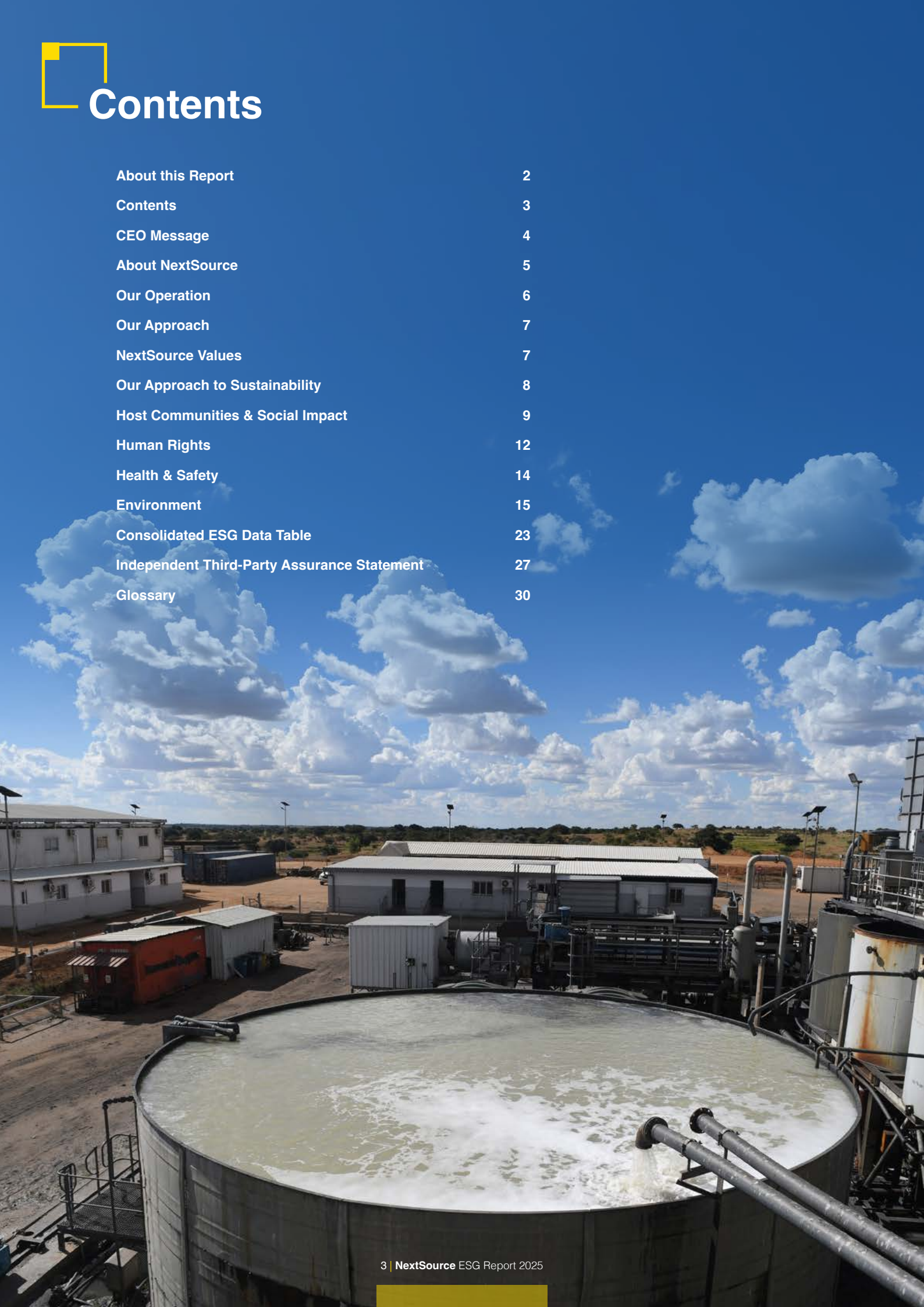
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# CEO Message



**Hanre Rossouw**  
Chief Executive Officer

I am pleased to present **NextSource's** ESG Report for the period ending 31 December 2025. This reporting cycle continues our deliberate alignment of sustainability disclosures with statutory reporting, supporting our longer term objective of progressing toward an integrated annual report in line with evolving global best practice.

During the period under review, we consolidated and optimised operations at Molo as the project transitioned fully into steady state production. This phase represents a materially different operational risk profile from construction and commissioning, and our performance reflects the effectiveness of our governance structures, operational controls, and risk management systems in adapting to this evolution.

We are proud to report three consecutive years of fatality and disabling injury free operations. During May 2025 we reached consecutive 1,000 working days without fatality or disabling injury. Over this period, our workforce has progressed through construction, commissioning, and into steady state operations — each phase presenting distinct health and safety risks. This sustained performance demonstrates the effectiveness of our safety leadership, training programmes, and preventative controls, and aligns with our commitment to continuous improvement in occupational health and safety management.

Our climate related initiatives continue to deliver measurable outcomes. During the reporting period the proportion of renewable energy in the Molo energy mix increased from approximately 40% to beyond 44% , reflecting continued optimization of our solar infrastructure.

Despite the operational downscaling implemented in July 2025, we maintained constructive and transparent engagement with host communities. All but one community grievance lodged during the year were successfully resolved, and no industrial relations incidents were recorded, reflecting the effectiveness of our stakeholder engagement processes and fair labour practices. Importantly, our operations experienced no incidents or disruption arising from Madagascar's political transition, underscoring the resilience of our operating model and local relationships.

Enhanced monitoring and reporting capabilities have resulted in an increase in the identification of minor environmental and safety non conformances. While this has led to a higher reported frequency of low severity incidents, we view this an indicator of an improved reporting culture and risk identification maturity. Corrective and preventative actions are being systematically implemented, and we expect incident frequency to decline as these controls are embedded.

As a producer of graphite, a critical material for electric vehicle batteries, **NextSource** remains committed to responsible production and to supporting the global energy transition. By going beyond regulatory compliance and maintaining transparent, decision useful disclosure across our integrated value chain, we aim to meet the expectations of investors, customers, and other stakeholders, and to position **NextSource** as a preferred supplier.

Looking forward, we are advancing our Battery Anode Facility development strategy to establish a downstream processing facility in the United Arab Emirates. This project represents a new pillar in our business and a critical step in building a vertically integrated graphite value chain. We are committed to applying the same proactive approach to sustainability, governance, and risk management in the development of the BAF as we have at Molo, and to upholding the highest environmental, social, and governance standards throughout its lifecycle.

As a stakeholder and interested or affected party in our business, I invite you to provide feedback to support our ongoing efforts to demonstrate credible, consistent performance as a responsible, sustainable, and vertically integrated graphite producer.

# About NextSource

**NextSource Materials Inc.** is a battery material development company listed on the Toronto Stock Exchange (TSX) under the symbol 'NEXT' and the OTCQB under the symbol 'NSRCF'. **NextSource** is intent on becoming a vertically integrated global supplier of battery material through the mining and value-added processing of graphite and other minerals. **NextSource** owns and operates the Molo Graphite Mine (Molo) in the Province of Toliara, southern Madagascar, one of the world's largest and highest quality graphite deposits. **NextSource** is also developing a downstream value-add business through the staged construction of a battery anode facility in Abu Dhabi in the United Arab Emirates.



*The Road connecting Molo Mine Camp to the Plant Area.*



# Our Operation

## Molo Graphite Mine

**NextSource** owns and operates the Molo Graphite Mine (Molo) in the Province of Toliara, southern Madagascar, one of the world’s largest and highest quality graphite deposits. The Molo mine has begun production through Phase 1 mine operations.

## The Battery Anode Facility (BAF)

The Company is developing a downstream value-add business through the staged construction of a battery anode facility in the Industrial City of Abu Dhabi in the United Arab Emirates.

<b>Location</b>	Fotadrevo, Madagascar
<b>Ownership</b>	100%
<b>Life of Mine</b>	30 years (modeled)
<b>Mining</b>	Simple open pit mining, very low strip ratio
<b>Processing</b>	Standard – comprises crushing, grinding, flotation, drying, screening, bagging
<b>Plant capacity</b>	Phase 1 (years 1&2): 240,000 tpa of ore – ~15 000 – 17 000 tpa
<b>Product</b>	94% to 96% fixed carbon SuperFlake@concentrate
<b>Power</b>	Hybridized Solar-Thermal Energy





# Our Approach

## Governance

Robust accountability mechanisms and governance structures as central to the operation of a truly sustainable business. Ever since the discovery of the Molo deposit, **NextSource** Materials has understood that as a producer of a core component of the global energy transition from fossil fuels, stakeholders have a right to expect graphite producers to develop and operate their business in a socially and environmentally responsible, and transparent manner. **NextSource** has striven to do this throughout all phases of the project's evolution.

To ensure the realization of the **NextSource** Sustainability Policy, the **NextSource** Sustainability Committee, is charged with setting and monitoring the implementation of our ESG Policies and strategies. The Committee has six key focus areas: Sustainability Management Systems, Workplace Health & Safety, Environment, Our Stakeholders, Human Rights, Climate Change and Reporting. The Sustainability

Committee operates under its own Charter, and is chaired by an Independent Chairperson holding relevant experience. The Chairperson reports to the Board on significant issues arising from the systemic assessment of sustainability risks and opportunities. To fulfill their duties, the Committee members, through the Chair, have information gathering powers, such as unrestricted access to records and senior management as deemed necessary. The Committee can also obtain independent professional advice if it sees fit.

During the period under review the Sustainability Committee has met quarterly. All Committee members have attended all meetings. The Committee reviewed quarterly performance updates, the annual sustainability risk review process, as well as briefings requested on material and strategic issues relevant to the Company's current and future context.

## Our vision:

To become a global leader in the sustainable supply of battery materials

# NextSource Values

**Our values are enablers to help us realize our vision:**

### Sustainability

We focus on the economic, environmental and social needs of today, while not compromising the ability of future generations to meet their needs

### Energy

We focus on aggressive expansion into rapidly evolving energy material niches

### Quality

We strive to provide the highest quality materials to our customers

### Fairness

We treat all stakeholders in our operations with respect, and are sensitive to their concerns

### Integrity

We are consistent and uncompromising in our adherence to ethical principles

# Our Approach to Sustainability

From the earliest stages of the Molo Project, **NextSource** has been guided by the requirements of internationally recognized environmental and social management practices. These include the International Finance Corporation's (IFC) Performance Standards, the Equator Principles and the UN's Sustainable Development Goals (UNSDGs).

**NextSource's** sustainability framework is built around:

- A focus on the economic, environmental and social needs of all our stakeholders today and in the future.
- Respectful and transparent engagement with all our host communities and stakeholders in our operations.
- Consistent and uncompromising adherence to ethical corporate governance and human rights principles with all stakeholders.
- A risk-based approach to the protection of biodiversity and natural resources.
- Safeguarding the health and safety of our workforce and host communities.
- Minimizing environmental and social impacts while creating value for stakeholders.
- Promoting the use of renewable energy sources in our operations, commercial activities and stakeholder communities.
- The implementation and ongoing management of responsible business practices as we foster a circular and sustainable battery material value chain.

## Sustainability Objectives

During the reporting period, the Molo team continued to monitor and measure our performance with respect to an array of our most material sustainability performance indicators. The materiality determination used for the selection of these indicators is comprised principally of permitting and regulatory requirements, the guidance of the above-mentioned recognized environmental and social management practices as well as key priorities identified by our stakeholders. The operation of our management systems or the collection, collation and reporting of our performance was not affected by the shift to campaign mode at Molo.

We seek to use the data sets generated by our management systems as the core to being recognized as a preferred supplier of responsibly produced battery anode graphite:

- Through full transparent product traceability
- GHG, Water, Human Rights Disclosure as per Global Battery Alliance (GBA) requirements
- To continue to improve our health & safety performance with,
  - › Zero Fatalities
  - › Zero Lost Time Injuries (LTIs) and/or Restricted Workday Cases (RWCs)
- To continue to improve our environmental performance, with
  - › Zero serious environmental incidents and/or complaints (e.g. contaminated water spillages or excessive dust.)
- To continue to reduce our corporate carbon footprint by
  - › Progressively increasing the amount of renewable energy from renewable resources
- Continuing to foster mutually beneficial relationships with our host communities by:
- Recruiting, training and mentoring local employees across all areas of our business
- Supporting local, regional and national initiatives designed to improve the socioeconomic condition for directly and indirectly affected Malagasy citizens.



*View of the storm and process water control infrastructure.*

# Host Communities & Social Impact

From the earliest stage of the Molo project, **NextSource** has operated transparent, appropriately-resourced engagement processes with stakeholders of its host community and workforce. This was not merely in recognition of the long expected project life of the Molo deposit, but rather due to our belief that such an approach de-risks project execution and that transparent, constructive partnerships yield mutual benefits.

As per local guidance we continue to engage with regional and national regulatory stakeholders through ONE's (Office Nationale pour l'Environnement) technical evaluation process with consists of site visits and separate consultations. During the year, a series of national and provincial level stakeholders visited the operation with the objective of maintaining an understanding of the situation on the ground. Both sides have benefitted from these exchanges.

## Our Workforce

During 2025 **NextSource**, having achieved sustained steady state operations at Molo refocussed its resources on the vertical integration of its business. As a result, and in part due to financial constraints, Molo mine shifted to campaign mode production which necessitated a retrenchment process. This was completed in July 2025 in full compliance with the requirements of the Madagascar Labour Code. No industrial action or workforce incidents arose from this process. In line with our policy of maximizing local employment opportunities, none of our employees originating from our immediate host communities were let go. The number of expatriate staff retained were also reduced except where there were clear training and capacity building opportunities for medium term localization through upskilling.

A committee comprising elected worker representatives and mine management continues to meet regularly to discuss shopfloor concerns and initiatives. During the retrenchment the constructive working relationship established during previous years allowed all sides to complete the process with a minimum of disruption.



*Community Meeting near Molo Camp*

As of December 31<sup>st</sup> 2025, there were 296 full-time employees working across our Madagascar operations of whom 96% are deemed to be local. In addition, there were between 8 to 12 long term contractors on site principally involved in the management of the solar farm, the fuel farm as well as the thermal energy units, all of which operate under long-term contracts. In addition, we employ a fluctuating number of daily-paid casuals as required for ad hoc unskilled tasks.



*Plough Distribution*



The community hospital at Beamalo, one of our community villages, which **NextSource** rehabilitated and upgraded during the year.

## Community Support

As per our permit requirements **NextSource** develops annual social development plans setting out a range of projects and interventions jointly agreed with key stakeholders from our host communities. A key principle guiding the selection of these projects and interventions is that they may not selectively favor individuals or distinct groups within the communities while excluding others. The local authority elections during late 2025 brought changes to our stakeholder community which we have worked hard to accommodate. In this our continued emphasis on political neutrality proved most beneficial and constructive engagement with all stakeholders was sustained through this political transition.

During 2025 our projects in this area remained focused primarily on food and physical security, although at the specific request of various communities and stakeholders we assisted in the rehabilitation and upgrade of a local hospital.

We continued the use of our drilling equipment for the safe establishment of robust wells that can be easily maintained. A total of 12 wells have now been drilled serving the six villages in the immediate vicinity of Molo mine. All wells were sited using specialist input to ensure that they access sustainable near surface water resources not connected to the mine's deeper water abstraction boreholes.

We also continued the development of market gardens with those members of the community willing to sustain their involvement in such projects throughout the year. We continue to regard market gardens as the most appropriate means to aid in dry season food production. To complement this and well in advance of the rainy season, **NextSource** outreach, working through local structures and agricultural associations, provided a range of agricultural implements to aid agricultural production throughout the year. The selection of beneficiaries was done in a manner that spread the benefits equally throughout our host communities.



Community meeting discussing seed distribution.



One of the market gardens constructed as seen at the end of the harvest season.





During 2025 **NextSource** also took the opportunity to review the effectiveness of its past interventions. As a result the mine will be exploring a range of options to embed sustainable local technical skills for the maintenance of the wells constructed within the surrounding communities in order to avoid dependency on mine skills for their upkeep. The review also revealed that during the rainy season, which saw a number of cyclones affect southern Madagascar, the solar light towers installed in the surrounding villages over the past three years were severely affected. As a result, and in consultation with all stakeholders in the host community, the focus of **NextSource** socio-economic development projects has shifted towards an increased focus on water access and educational infrastructure projects.

In the course of 2025 national legislative changes have formalized the role of community and NGO role players in the overall project permitting process and more specifically in the determination of local social economic development priorities. **NextSource** also took note of the withdrawal of some multinational food security programs from its region as a result of changing priorities of some donor nations. The company continues to monitor the impact of such decisions on its host communities.

As before **NextSource** also continues to explore opportunities for local suppliers to provide food and consumables to the mine. However, we have not been able to make significant progress in this respect as the award of mine-based contracts remains a highly politicized issue within our communities. At the same time we have not been able to identify opportunities for business development which would avoid single-customer dependency for the supplier.

## Cultural Heritage

Sites of sacred or cultural significance within the broader mining lease were systematically identified and geo-referenced prior to the initiation of the project. Across the mine lease these sites are comprised of graves, sacred locations or trees and stones erected as memorials. During the period under review we have sought active community input regarding these sites and are confident that none of these are impacted directly or indirectly as a result of our activities at Molo mine.



*Memory stones commemorating ancestors located just off Molo lease area.*





# Human Rights

**NextSource** is committed to maintaining active, positive relationships with all our host communities where our operations are located. An integral part of that commitment is supporting the human rights of our workforce something that we continue to view as a potential material risk for our workforce. For this reason it is important that **NextSource** is clear in all public and internal communication and engagement about promoting an ethical, non-discriminating organizational culture. All members of staff are required to sign a Code of Conduct that enshrines these values and sets out the mechanisms for rectification where required. All have done so. A business environment free of all forms of inappropriate, unethical or coercive behavior is equally important. Therefore we have extended formal communication regarding these values to casuals, contractors and key suppliers.

**NextSource** also has an approved Human Rights Policy that applies to Directors, employees, contractors and service providers. It is compliant with national legislation in locations where **NextSource** operates, and aligned with internationally recognized frameworks such as the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights to Work. This policy, which has been communicated to all staff and remains accessible to them, sets out **NextSource's** commitment to upholding and respecting human rights. It includes a grievance mechanism, the protection of the rights of local communities, through to active measures to prevent modern slavery, the Policy outlines the areas in our business where these considerations are relevant. Its guidance informs our corporate risk assessment process and the mitigating actions that flow from this.

## Whistleblower and Grievance Mechanism

The anonymized whistleblower system put in place in 2023 continues to operate and its existence and purpose are regularly communicated to the workforce as well as key contractors. During the period under review no submissions were received.

Our stakeholder engagement process continues with our host communities and with regulators at all levels. At all encounters with our host communities we ensure transparency by requiring open access to and documentation of all meetings and agreements. This allows all voices to be heard while containing the risk of subsequent claims and disagreements. Throughout the year all meetings have proceeded accordingly without incident our challenge to this transparent system.

The two community grievances lodged during 2023 which had remained unresolved during 2024, continued into 2025. They related to the original Molo land compensation process during which land owners had been formally identified and compensated, only for subsequent claimants to emerge disputing ownership of the land parcels. As neither side provided additional evidence or showed willingness to move to arbitration, the matter had rested and was handed to the local authorities for resolution. One of these cases was subsequently closed without compensation 'while the other remains in the hands of local authorities..

During 2025 three other grievances were lodged. These concerned one instance of alleged damage caused to crops during road rehabilitation by the mine, one instant of damage allegedly caused by trespassing of mine staff and waste water evacuation, as well as a grievance lodged by three casual workers over the non-renewal of their work contract. All cases were closed to the satisfaction of all parties.

The past community complaints concerning inadequate employment opportunities at the mine continue. However, all stakeholders have now accepted that lodging such concerns as a grievance negates the purpose of this particular process.

In addition to the above-mentioned mechanisms all our staff are trained to understand and be mindful of any real or perceived incidents of a human rights abuse and are expected to report such incidents. Through ongoing engagement by the Human Resources function we are comfortable that our workforce maintains an adequate understanding and awareness of this at all times. No incidents of this nature were reported for the period under review. Should such incidents be recorded they would be investigated and escalated to mine management and Board Committee level if substantiated.





## Business Conduct & Transparency

Our Business Conduct and Anti-Bribery and Corruption (ABC) Policy which is available to all staff, contractors and suppliers provides clear guidance to all levels of our organization as to what it means to ‘act with integrity’. The content and implications of this policy continues to be actively communicated at all levels in accessible format and language. The Policy covers conflict of interest, fraud corruption, protection and proper use of company assets and IP, compliance with regulatory requirements, and compliance obligations. There have been no disciplinary cases arising from transgressions of this policy. We do however believe that our periodic efforts at maintaining awareness and understanding of this policy and implications are well understood, as we have had a case of precautionary counselling to a category of staff regarding the proper use of company assets at the mine.

As a Canadian corporation, **NextSource** is subject to the Canadian Corruption of Foreign Public Officials Act (CFPOA). The legislation prohibits Canadian and Canadian-controlled corporations, including their intermediaries from making (or offering) improper payment of any kind to foreign public officials where the ultimate purpose is to obtain (or retain) an improper business advantage. Our ABC Policy prohibits violation of the CFPOA and other anti-corruption laws, applicable in the jurisdictions where we operate.

In order to actively manage risk in this area, we have in place a formal response procedure to public requests for assistance of all kinds. This donations review and approval procedure applies to all public and community requests for assistance made to Molo Mine and to all our in-country staff. The exception are community projects with a broad beneficiary base, developed and approved as part of the annual Molo Social Plan. In keeping with our core values, **NextSource** does not entertain requests from political parties, individuals or other entities deemed to be connected to political parties. During the national and municipal elections which took place during late 2024 in Madagascar this policy was repeatedly tested and its purpose widely communicated to prevent misunderstanding or any impression of potential partisanship. As these elections resulted in substantial change in public entities in early 2025, we feel reaffirmed in maintaining our apolitical stance.

In terms of this donations and approval procedure **NextSource** has, during the period under review also given consideration to a single legitimate requests from the Ministry of Transport for in-kind assistance regarding the post-cyclone reconstruction of public road sections in our area. In all instances we would apply the same decision-making process and require formal acknowledgement of these contributions to ensure transparency and our record of non-partisan engagement within our host country.

## Suppliers

Due to the remote nature of the Molo Mine all inputs remain dependent on road-based transport. **NextSource** therefore has continued its engagement with its contracted logistics providers on a range of behavior-based guidance and equipment standards designed to minimize the risk of transport-related incidents. Throughout the period under review we have worked with our suppliers to advance the building of the necessary capacity for the progressive achievement and maintenance of these standards. Unfortunately, the period under review witnessed two transport-related incidents which required our intervention. In both cases vehicles transporting our product to port experienced equipment failure. No-one was injured and no spillage of product or other materials occurred. Nevertheless we are reinforcing the need for adherence to our code of conduct from the drivers and their support crews and monitor performance on an ongoing basis. We have communicated clearly the importance we attach to this process and our willingness to act where our requirements cannot be met over time.

## Monitoring and Management

Core to us operating in a responsible manner, is the ongoing collection, collation and reporting of all health and safety, environmental, human rights and social/ community incidents and non-conformances, such that the latter refers to a specific sub-category of incidents that are linked to specific legal and/or regulatory parameters.

One a weekly basis, the Molo leadership team participates in Visible Felt Leadership (VFL) site inspections that are geared to identifying anything that might impede production performance, place personnel at potential risk of harm and/or injury, and that might cause some form of undesirable environmental impact. As a direct benefit, the identification and reporting of issues that could potentially lead to legal and/or regulatory compliance has become commonplace throughout our operations, with a broad acceptance of the need to err on the side of caution. This often results in what some might argue is a tendency towards over-reporting, while the management team views this as an opportunity to fix issues before they become problems.

Regardless of the level of identified severity, all non-conformances and incidents lead to root cause analysis investigations and recommendations for process improvement to ensure issues are not repeated.



# Health & Safety

## Workplace Safety

The health and safety of our workforce and host community remains of paramount importance to Molo. During this reporting period we celebrated 3 years of fatality- and disabling injury -free operations. During these years Molo has progressed from construction, through commissioning to steady state operations and on to and each of these phases have come with very different health and safety risk profiles. In view of the initially low skills base of our local workforce, this suggests that our emphasis on detailed risk assessments at the commencement of major change of activity has borne fruit.

100% of our staff and contractors working on site have undergone fit-for-work assessments by our medical team, completed their health and safety induction, and competency training. This includes all casuals irrespective of the duration of their work. This as well as the required refresher training and targeted awareness programs, is done so that they can not only operate safely, but feel empowered to cease work where they believe working conditions to be unsafe. We believe this has contributed materially to the Total Recordable Injury Frequency Rate (TRIFR) for this reporting period declining to 1.92 (2024, 2.43). While the TRIFR represents a meaningful improvement on the prior year, it remains above our stated long-term target of 1.0. This target is intentionally ambitious and reflects our commitment to best practice in safety performance.

Throughout the period under review the Molo safety staff has conducted ongoing risk assessments to identify risks and hazards as the operation has evolved. In the implementation of pre-cautionary findings or rectifying actions arising from incident investigations they have at all times enjoyed the explicit and visible support of senior site management. This has come in the form of senior management taking the lead in safety briefings as well as through participation in site health and safety inspections. Emergency response and fire fighting training regimes have been maintained. In late 2025 Molo also launched a first aid training program aimed at having all staff and contractors formally trained in first-aid

by early 2026. We believe such ongoing training initiatives are not only valuable in themselves but also ensure staff understanding of the continued priority **NextSource** attaches to workplace safety.

The data inconsistencies discovered in the course of an independent external review during the previous reporting cycle have been rectified and all data is presented in a verified, comparable format in the Data Table contained in this report.

## Occupational Health

During the previous reporting period, **NextSource**, in response to the operation's evolving occupational risk profile had begun expanding the on-site medical facility and capacity to provide broader medical, occupational health and emergency response coverage. This physical and capacity expansion was completed during 2025.

Aside from the on-going fit-for-work assessments and monitoring of the limited number of chronic cases on site, the medical team has maintained its pro-active approach to managing on-site non-occupational health trends. The aspects covered include hypertension and obesity, diabetes, anxiety and other mental health conditions. While maintaining strict patient confidentiality, the data collected is used for targeted interventions including a shift to a healthier diet, ongoing maintenance of kitchen and food storage hygiene. A small fitness gym was also constructed to allow for different types of exercise in aid of cardiovascular health and weight control.

Malaria remains the principal infectious disease threatening our workforce as well as our host communities. To contain this Molo has continued its management of organic food wastes and the reduction of standing bodies of water as these facilitate mosquito breeding. In addition, the operation has continued its targeted mosquito spraying campaign well beyond the high-risk rainy season. During 2025 this was also extended to our surrounding communities.





# Environment

As the mine achieved steady state operations, the environmental function formalized its environmental surveillance system to begin logging, assessing and reporting in a comparable manner environmental incidents such as spillages and uncontrolled releases.

Over the course of the year, a total of 46 environmental non-conformances and 22 environmental incidents were recorded by the environmental management team. Of these, only one was deemed “major” while none were deemed “catastrophic”, and none resulted in any fines, penalties or legal actions taken against the mine.

The moderate or minor incidents fell principally into two categories uncontrolled releases of graphite during placement for storage or loading, or spillages of process water beyond our containment infrastructure. No incident resulted in irreversible damage to site or the surrounding environment.

The “major” non-conformance was the result of a fuel leak from a mobile hoist parked in a non-designated area where fuel spills cannot be properly contained.

In the case of the 32 “moderate” level non-conformances, 30 were the result of water quality assessments of boreholes located either on the mine or within the local community where the natural groundwater quality contains elevated levels of certain minerals leading to a ‘non-conformity’ of the sample., or where biological contamination was observed.

Regardless of the level of identified severity, all non-conformances and incidents lead to root cause analysis investigations and recommendations for process improvement to ensure issues are not repeated. This rise in incidents compared to previous reporting periods arises principally from improved surveillance and monitoring activity as well as a tightening of incident categories. We are confident that as we take corrective and rectifying action during incident investigations and close-outs the number and severity will in time decline.

## Biodiversity

Madagascar is globally viewed as a biodiversity hotspot and home to a broad range of species in need of protection. Molo Graphite Mine is situated in a sensitive dryland ecosystem historically impacted by prolonged drought cycles. It is not located within or adjacent to the protected spiny cactus biome commonly associated with southern Madagascar.

Molo mine operates in an arid area with a legacy of prolonged utilization of natural resources arising from extensive human and grazing pressures. As a result the ability to protect local biodiversity rests primarily within our host’s community’s usage of local natural resources: a set of activities outside the control of **NextSource**.

Irrespective we have maintained our ban on the purchase of ‘bush-meat’ or wildlife products for our canteen. We continue to assess the scope for interventions with a positive impact on local biodiversity within our social investment projects but have to date found limited opportunity to do so.

## Water

For our host community, water access and water quality as well as arable land are significant concerns on which they continuously engage us. Traditionally Molo’s host community has collected its water from shallow, often hand-dug wells or shallow boreholes. To maintain a clear separation Molo mine’s water usage and that of the community we constructed a total of 12 wells for the six surrounding villages during the past two years, to provide sustainable access to water for human and agricultural use. At the request of these communities we are exploring a contracted, maintenance and capacity building contract with local specialists to progressively transfer responsibility and control of these wells. The Molo mine sources its water from deeper, regional abstraction boreholes located so as to not impact on community water uses.



*The Molo tailings storage facility showing partially vegetated slopes and access control.*





In recognition of the environmental constraints, Molo mine is permitted as a zero routine discharge operation. To limit its freshwater abstraction and maximize water re-use the mine and its associated infrastructure operate a fresh water management plan. This plan was extensively revised during 2025 in view of the experience of past extreme weather events. As a result storm water and clean/dirty water surface infrastructure at the Molo plant and the pit was expanded to enhance process water re-use. This was done in line with the guidance of the IFC Environmental Health and Safety Guidelines (IFC 2007) and with a specific focus on mitigating water contamination.

During 2025 we unfortunately were not able to complete the rectification of the single long-term environmental non-compliance arising from the malfunction of our sewage works due to procurement and logistical challenges associated with the rectifying expansion required. Subsequent to this reporting period, this non-compliance was rectified and successfully closed out.

We continue to advance the operation of our tailings management facility to comply with the Global Industry Standards on Tailings Management and ensure robust access control, water management and emergency preparedness associated with the facility. During this reporting period we successfully protected the establishment of natural vegetation on the majority of the facility slope area as a slope stability and dust control measure.

## Air Quality

Given the dryland setting within which Molo operates as well as the nature of graphite processing air quality management at Molo seeks to monitor and manage both nuisance and respiratory dust generated during the normal course of operations.

Air quality on and near site is continually monitored by on-going automated sampling systems whose calibration is regularly carried out in accordance with manufacturers guidance.

Nuisance dust comprises mostly particle larger (+10 micron) visible particles which when airborne may obstruct vision and cause skin or eye irritation. This is generally mitigated through mist spraying and the use of proper PPE. Although it has been established that even prolonged exposure to such dust does not cause significant occupational issues, all employees and on-site contractors have received guidance to retreat from or control incidents of excessive nuisance dust.

Respiratory dust comprises particles in the sub-10 micron range which can react physically with internal tissue. This can be even over relatively short periods of exposure be connected to respiratory impacts potentially leading to chronic obstructive airways diseases (COADs).

Over past reporting periods, Molo moved to re-engineer certain process aspects as well as install some physical barriers to substantially mitigate areas of dust generation and exposure. The two remaining areas of significant exposure risk for respiratory dust are the Molo plant crusher and the pack house where the final, dried product is bagged for storage and shipment. At the crusher the installation of a series of mist sprays, activated in response to elevated dust levels ensures substantial containment of the risk. In the pack house a series changes eliminated the manual handling of the final product, while the use of bags with installed chutes/flaps has substantial mitigated exposure risk by physically enclosing the entire product transport process. Nonetheless staff have been repeatedly trained to make use of FFP2 valved disposable face masks (i.e. respirators) to protect them in the case of uncontrolled releases.



Digital air quality monitoring takes place on a 24/7 basis.



Molo Plant pack house in operation.



## Planning for Mine Rehabilitation and Closure

Planning and providing for eventual closure and rehabilitation of a mine is an integral part of responsible mining. To assess its mine closure liability, also known as Asset Retirement Obligation (ARO), on a regular basis **NextSource** has developed a Mine Rehabilitation and Closure Plan (MRCP) to provide the basis for focusing on the end-of-life management at Molo Mine. The most recent independent evaluation conducted for the financial year ending 30 June 2025. The MRCP is updated annually by an independent specialist. These costs covered include current and predicted disturbances and impacts, decommissioning and restoration obligations arising from permit requirements as well as post-closure monitoring to ensure a sustainable, stable post-mining landform. For the FY2025 period, this evaluation incorporated new site data—including high-resolution aerial and LiDAR surveys—to account for year-on-year changes in disturbed areas and the addition of new infrastructure such as the processing plant's pneumatic conveyor system, a new laboratory, and expanded camp facilities.

The development of the MRCP continues to be guided by internationally recognized frameworks, specifically the Integrated Mine Closure Guideline (3rd edition 2025) published by the International Council on Mining and Metals (ICMM) which is widely adopted by listed across the globe. It also complies with Madagascar's specific evolving regulatory requirements in respect of closure planning and rehabilitation.

The MRCP report, which is updated annually, serves as the foundation for an independent, bottom-up evaluation of the Molo Graphite Mine's financial provisions for rehabilitation and closure costs. These costs cover current and predicted disturbances, decommissioning, and restoration obligations to ensure successful mine rehabilitation and closure.

## Carbon Footprint

During the period under review the Molo mine achieved and sustained steady-state production before shifting to campaign based production from August. Noting that Molo mine is located in a deep rural area in southern Madagascar where the electricity required to power our activities cannot be supplied by JIRAMA, the state-owned utility that is responsible for the generation, transmission and distribution of electricity, all of our power/ electricity requirements must be met through self-generation. Due to the absence of the supply of electricity from the national grid, Molo does not produce any significant Scope 2 emissions from indirect energy consumption, noting that office electricity consumption in Antananarivo and Toronto is immaterial to the

company's total emissions. Instead, Molo's total calculated emissions are limited to Scope 1 emissions. During the period under review, **NextSource** had not yet established a physical, operational presence at the site designated as its Battery Anode Facility in the United Arab Emirates (UAE).

During 2024 Molo mine successfully completed connection and synchronization of the CrossBoundary Energy (CBE) solar PV facility to its battery hybrid, on-site power plant. CrossBoundary Energy is Africa's leading supplier of clean energy and has signed a take or pay agreement with **NextSource's** Molo operation for the supply of clean energy which is at present scaled to provide up to 35% of the Molo mine's steady-state power requirements from renewable energy.

While 2050 is viewed as our long-term target for Net Zero, our action planning is already ensuring a commitment to reducing emissions even as production levels increase. For example, our total electricity consumption in 2025 decreased 17%, from roughly 3.6 million kWh in 2024 to 3.0 million kWh in 2025, yet the proportion of electricity generated by solar panels increased by nearly 45%. Current agreements with the supplier managing our solar farm ensure that future electricity production will continue to shift away from the consumption of diesel in high-capacity generators and towards the proven reliability of solar power.

The solar farm, comprising 4 902 photovoltaic panels, covers 1.3 hectares surface area. Future expansion remains possible and could utilize stationary battery storage, expansion of the solar farm area or the installation of wind turbines. As part of any future expansion **NextSource** has committed to maintaining the percentage generated by renewables at a minimum of 35%.

For the period under review, the consumption of fuels is limited to diesel (for power generation and transport), aviation fuel (for charter flights, oxygen and acetylene (for welding) LPG (used for cooking) butane (used for drying graphite bin process) and a limited amount of petrol.

Due to the nature of the company at this stage, **NextSource** does not deem the calculation of Scope 3 emissions to be applicable. This position will be reviewed as the project continues to evolve.

## Climate Change

As a mining company, **NextSource** employs a systematic approach to environmental risk management across its operations, considering controllable and non-controllable risks and opportunities, including climate change.





On the opportunity side, graphite is a key component of the global energy transition from fossil fuels, with the projected future demand of graphite requiring not only increasing production, but also a product that meets increasing pressure from stakeholders to ensure socially and environmentally responsible production.

Operating in southern Madagascar, in an extremely remote location annually impacted by periods of both drought and heavy rains, including the potential for increasingly extreme weather events, the issue of climate-related adverse impacts is a key consideration, particularly with respect to the movement of final product.

Noting the global corporate trend away from reporting in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD), **NextSource** is committed to working towards the International Financial Reporting Standard (IFRS) S2 climate-related disclosures. Our current reporting is structured in a manner that adopts a combination of TCFD and IFRS S2 recommendations. However, current challenges remain in our pursuit of meeting reasonable expectations for reporting all climate-related expenditures, as well as our current status in determining what, if any, financial investments are required to address specific climate-related impacts, but this is not to say that **NextSource** isn't proactively addressing potential climate-related impacts.

Due to inadequate local alternatives, equipment from Molo is often deployed in local and regional areas to repair and/or improve road infrastructure that is frequently damaged by adverse weather such as flooding due to torrential rains. In addition, our operations are designed to consider potential climate-related heavy rains, including the development of an elevated final product storage area that utilizes both height and gradation to maximize water flow away from one tonne bags of export-ready graphite. In addition, storm water drainage channels have been improved to accommodate higher than anticipated rains.

In 2025, the total volume of carbon emissions resulting from fossil fuels consumption (Scope 1) was 2 705 tonnes, compared to 5 074 tonnes in 2024, a reduction of 46.1%. This was due almost entirely to production and demand capacity constraints, resulting in significantly reduced demand for diesel in both generators and vehicles, as well as lower volumes of almost all other fuels.

## Sources and Volumes of Scope 1 Carbon Emissions

Fuel Type	Units	Consumption	2025 kg CO <sub>2</sub> e	2024 kg CO <sub>2</sub> e
Diesel – Equipment and Vehicles	Litres	979 791	2 625 840	4 983 744
Aviation Fuel – Charter Flights	Litres	36 044	93 715	97 110
LPG – Cooking	Kilograms	2 400	7 224	6 935
Butane – Graphite Drying	Kilograms	1 248	3 694	4 156
Petrol – Equipment	Litres	1 200	2 772	2 772
Acetylene – Welding	Kilograms	236	798	1 505
Oxygen – Welding	Kilograms	2 573	1 055	1 395
<b>Total Carbon Emissions</b>	<b>kg CO<sub>2</sub>e</b>		<b>2 735 098</b>	<b>5 073 924</b>

To date, our most significant investment in mitigating climate change has been the development of a fixed solar array intended to shift electricity production away from a reliance on diesel-fueled generators. In 2024 this facility was fully synchronized with the Molo infrastructure during the last three months of the year. During that period it supplied the equivalent of 40.7% of Molo's electricity requirements. In 2025 Molo drew power from the solar facility throughout the year. The proportion of electricity produced by solar panels during 2025 increased to 44.7%.

Within the two years, starting in 2026 and depending on economic conditions and the outcomes of community consultations, **NextSource** will implement a comprehensive biodiversity revitalisation programme that focusses heavily on re-introducing primarily indigenous trees and cacti. By establishing a baseline for steady-state production of the mine and calculating its maximum expected carbon emissions, **NextSource** will be able to start off-setting our emissions through the sequestration of carbon in newly planted and maintained forests within our direct sphere of socioeconomic impact.





## Organisational governance on climate-related risks and opportunities disclosures

Climate-related physical and transitional risks are identified and prioritized within both the Sustainability Committee (SC) and the Audit and Risk Committee (ARC), as one set of potential risks within the overall risk profile of the company.

The quarterly SC is chaired by an Independent Non-Executive member of the Board.

The quarterly ARC consists of three Independent Non-Executive members of the Board (plus special meetings as/when required).

Both the SC and ARC provide oversight in ensuring that all social and environmental risks are managed effectively by Management, inclusive of due diligence and effective planning to identify and mitigate potential climate related risks.

**NextSource** Management includes a VP Sustainability (VPS) whose responsibilities include the regular consideration of potential climate-related impacts. The VPS is empowered to ensure that all contractors and suppliers duly consider potential climate-related impacts, both in terms of potential risks to the company and risks that might impact the well-being of the community and/or physical/natural environment as a result of **NextSource's** mining activities.

## Potential and actual impacts of climate-related risks and opportunities on the business, financial planning, and strategy of the organisation

**NextSource** has identified 13 significant climate-related risks, within its Enterprise-wide Risk Register, which are categorized as follows. Due to the current **NextSource's** operational status, these risks have not yet been categorized relative to timelines.

- Impacts on logistics for the movement of equipment and material into the mine and product to market.
- Impacts on the cost of primary inputs, such as fuel.
- Impacts on worker health and safety, including prolonged exposure to heat and increased tropical disease rates.

- Impacts on water supply to both the mine and surrounding communities due to increased frequency and intensity of floods, including the potential for increased water-related social unrest.

- Impacts on mine infrastructure resulting from increased frequency and intensity of adverse weather events, such as cyclones and floods.

Climate-related risks continue to be factored into decision making for plant, equipment, and other facilities, with cost analyses conducted to determine the required levels of additional investment to effectively plan for potential climate-related impacts. Decision-making at the budgeting and procurement process levels is informed by environmental, health and safety considerations, inclusive of exposure to climate related impacts. This frequently occurs with respect to logistics-related decisions, noting that the inward transportation of inputs and outward transportation of final product are among the highest rated climate-related risks due to the remoteness of the mine. The already significant logistical challenges posed by inadequate road infrastructure to/from the mine are expected to be exacerbated by climate-related adverse weather.

Although **NextSource** does not currently expect that a 2°C rise in global temperatures will have an immediate and/or direct impact on the mine – aside from the potential for increasing frequency and intensity of adverse weather events – alternative strategies will be developed as the operation transitions to steady state operations at full capacity for ensuring that impacts on the business will be effectively mitigated.

Climate-related risk identification occurs during ARC and SC meetings, although informed by ongoing environmental monitoring and evaluation procedures on the mine. In addition, **NextSource's** stakeholder engagement processes, particularly with local community leadership, have been designed to ensure that risks raised by one or more stakeholders are duly considered for possible escalation to Executive or Committee assessment. The annual Risk Register process, a function of the ARC, requires input from all department heads, inclusive of the VPS, with the expectation that risks are effectively raised as/when they meet Committee-level severity.

The VPS is responsible for ensuring that climate-related risks are duly considered in design, engineering, procurement, and deployment activities, taking ultimate responsibility for ensuring that sufficient due diligence occurs to proactively manage negative impacts and/or potential positive outcomes. The VPS also ensures that stakeholder engagement, inclusive of employees and local community leadership, regularly includes scenario planning to assess whether corporate understanding of local conditions and/or cultures are appropriate for designed mitigation strategies.





Climate-related risk identification, assessment and mitigation occurs in accordance with **NextSource's** risk management policies and procedures, inclusive of an annual Risk Register process.

Due to the status of **NextSource** as a mine not yet operating at full design capacity, data collection for the establishment of baselines against which targets can be set is still a work-in progress. Until such time as reliable data trends can be obtained – rather than estimated – from the mine in its fully operational phase, no baselines will be established and/or targets for efficiency improvement set.

In linking Net Zero to our Climate Action Plan, the role of our Community Relations Officer in the effective engagement of key stakeholders will be vital to ensuring that our approach to mitigating climate change risks remains highly participative. Opportunities for enhancing livelihoods through the sourcing of labour from within our directly affected communities, as well as creating and supporting parallel food production initiatives, will always be considered as part of the future proofing of all carbon offsetting initiatives. Ultimately, our objective will be to create our own, locally engineered and managed, carbon sequestration initiatives, rather than relying on carbon markets or commercial projects to achieve Net Zero for our operations.

## Summary of Climate Opportunities and Risks

Risk Horizons	Likelihood
Short: 0-5 years	<b>Remote:</b> A rare combination of factors would be required for this incident to occur (<1% chance)
Medium: 5-10 years	<b>Unlikely:</b> A rare combination of factors would be required for this incident to occur (<5% chance)
Long: 10+ years	<p><b>Possible:</b> Incident could occur if a number of additional factors are present (5-25% chance)</p> <p><b>Likely:</b> Not certain, but incident could occur with one normally occurring additional factor (25-75% chance)</p> <p><b>Extreme:</b> Almost inevitable that the incident could occur (&gt;75% chance)</p>

Opportunity/Risk	Description	Potential Impacts	Mitigations
<b>Increased demand for graphite</b>	<p>Among other uses, graphite is a key component in the manufacture of batteries (anodes).</p> <p>Increased global awareness of climate change and its related impacts has resulted in a shift towards renewable energies, including the move towards new energy vehicles (NEVs), creating opportunity for increased production of graphite at a potentially higher market value.</p> <p><b>Timeframe: 0-5 years</b> <b>Likelihood: Extreme</b></p>	<ul style="list-style-type: none"> <li>Increased demand for graphite</li> <li>Increased market price, increasing the viability of mines in more remote locations</li> </ul>	<p><b>NextSource</b> has invested heavily in the development of its mine in southern Madagascar, despite logistical challenges related to importing goods and services to the mine and exporting mined product.</p>





Opportunity/Risk	Description	Potential Impacts	Mitigations
<p><b>Impacts on logistics</b></p>	<p>The movement of equipment and material into the mine and product out to market is challenged by poorly developed roads.</p> <p>Increased frequency and intensity of adverse weather is expected to worsen road conditions, particularly in heavy rains and high wind conditions.</p> <p><b>Timeframe: 0-5 years</b> <b>Likelihood: Probable</b></p>	<ul style="list-style-type: none"> <li>• Deterioration of road conditions</li> <li>• Extended road haulage times</li> <li>• Increased cost of road haulage</li> <li>• Increased risk of vehicle accidents and/or damages</li> <li>• Increased cost of vehicle insurance</li> <li>• Periods of transport stoppage, potentially to the extent of forcing mine work stoppages</li> <li>• Increased cost of goods transported by road haulage, including fuel, food and other basic needs</li> <li>• Impacts on worker rotation period for non-local staff leading to potential increased flight risk of key personnel (and thus loss of skills)</li> </ul>	<p>A Director, Logistics and Supply Chain has been appointed to monitor road conditions on a regular basis to ensure that road infrastructure does not deteriorate to the point of risking the safety of drivers, vehicles and/or goods in transport.</p> <p>Alternative transportation routes have been planned to redirect traffic in/out of the mine as conditions require it.</p> <p>Alternative modes of transportation, including the use of river barges, is being evaluated.</p>
<p><b>Impacts on primary inputs</b></p>	<p>As demand for certain goods increases, or as supply levels decrease, the cost of key inputs, such as fuel, will increase.</p> <p><b>Timeframe: 5-10 years</b> <b>Likelihood: Likely</b></p>	<ul style="list-style-type: none"> <li>• Increased demand for scarce supplies</li> <li>• Increased cost of key inputs, particularly fuel</li> <li>• Lower profitability of the mine</li> <li>• Decreased access to capital for ongoing mine expansion and/or maintenance</li> </ul>	<p>Localisation of the supply chain has been implemented wherever possible, including the sourcing of basic inputs (e.g., food supplies) and critical skills, such as electricians and some artisans.</p> <p>Where necessary, mitigation will expand to include the development of new capacity to meet rising demand for skills in the local area.</p> <p>A commitment to renewable energy, particularly self-generated solar power, has been implemented with the construction of the on-site solar facility, to limit the impact of potential shortages or cost increases of fuel.</p>





Opportunity/Risk	Description	Potential Impacts	Mitigations
<b>Impacts on worker health &amp; safety</b>	<p>Increased average temperatures could result in impacts on equipment, vehicles and employees exposed to prolonged periods of extreme heat.</p> <p>In addition, increased temperatures are expected to increase the frequency and intensity of exposure to certain tropical diseases, including Malaria.</p> <p><b>Timeframe: 5-10 years</b> <b>Likelihood: Possible</b></p>	<ul style="list-style-type: none"> <li>Increased frequency and/or severity of heat exposure related injuries and/or illnesses</li> <li>Decreased productivity due to the effects of heat stress on workers</li> <li>Increased frequency and/or severity of tropical disease occurrences, such as Malaria</li> </ul>	<p><b>NextSource</b> has developed a closed-loop system for water recycling within the plant to limit the amount of new water being removed from underground sources.</p> <p>On-site water treatment facilities are in place to reduce the risk of water-borne diseases.</p> <p>Mine boreholes are drilled to access aquifers below the water table levels used by community members, thereby reducing the impact of mine water consumption on local supply to communities.</p> <p>As part of its CSR the operation assists neighbouring villages with maintenance of their wells.</p>
<b>Impacts on mine infrastructure</b>	<p>The increased frequency and/or intensity of adverse weather events, such as cyclones and floods, is predicted to place mine infrastructure – accommodation, tailings dams, processing facilities – at risk of physical damage.</p> <p><b>Timeframe: 5-10 years</b> <b>Likelihood: Possible</b></p>	<ul style="list-style-type: none"> <li>Increased risk of injuries on duty resulting from weather-affected infrastructure.</li> <li>Increased cost of facilities and/or equipment maintenance</li> <li>Decreased productivity due to work stoppages resulting from damages to mine infrastructure</li> </ul>	<p>Facility risk and maintenance registers have been developed to identify areas of specific vulnerability.</p> <p>Business continuity/ disaster recovery plans have been developed for current on-site facilities and will be updated once the mine has been fully developed and commissioned.</p>



# Consolidated ESG Data Table

Governance		2025	2024	2023	GRI Standards
1	Number of Board Members	6	7	6	2-9
2	Number of Board Members who are deemed Non-Executive	4	6	5	2-9
3	Percentage of Board Members who are deemed Non-Executive	66.7%	85.7%	83.3%	2-9
4	Number of Board Members who are deemed Executive	2	1	1	2-9
5	Number of Board Members who are deemed 'Independent'	3	5	4	2-9
6	Percentage of Board Members who are deemed 'Independent'	50.0%	83.3%	66.7%	2-9
7	Does the company have a publicly available policy on Board Conflicts?	Yes	Yes	Yes	2-15
8	Does the company have a publicly available human rights policy?	Yes	Yes	Yes	2-23
9	Does the company have a Whistle-blower Programme in place? POLICY	Yes	Yes	Yes	2-26
10	Does the company have a Whistle-blower Programme in place? HOTLINE	Yes	Yes	Yes	2-26
11	Number of Whistle-Blower incidents Reported	0	0	0	2-26
12	Number of Whistle-Blower incidents leading to disciplinary hearing	0	0	0	2-26
13	Number of employees receiving some form of disciplinary action as a result of a hearing	0	0	0	406-1
14	Total value of political contributions made to one or more political parties	0.00	0.00	0.00	415-1
15	Percentage of operations that have undergone a human rights assessment	100.0%	100.0%	100.0%	2-23
16	Does the company have formal stakeholder engagement policies in place, including mechanisms for stakeholders to raise issues?	Yes	Yes	Yes	2-26
17	Total number of complaints received concerning breaches of privacy/personal information	0	0	0	418-1
18	Number of allegations of discrimination and/or human rights violations within the workplace	0	0	0	406-1
Labour		2025	2024	2023	GRI Standards
19	Number of Employees – Permanent – as at 31 December 2025	199	327	174	2-7 b
20	Total Number of Employees – Casual	97	85	45	2-8 a
21	Total Number of Employees – Permanent and Casual	296	412	219	2-7 a & 2-8 a
22	Percentage of employees at Molo in Madagascar who are deemed 'Local'	96%	76%	67%	405-1
23	Total Number of Person Hours Worked – Employees (Permanent and Casual)	511 850			403-9 a
24	Total Number of Person Hours Worked – Contractors	112 698			403-9 b
25	Total Number of Person Hours Worked – All Employees and Contractors	624 548	576 245		403-9 a & b



Safety		2025	2024	2023	GRI Standards
26	Number of Fatalities (i.e., injuries on duty leading to death...excluding the deaths of workers not occurring 'at work')	0	0	0	403-9 a
27	Number of First Aid Cases (FACs, i.e., injuries on duty leading to minor treatments, such as a plaster or a pain tablet)	5	8		403-9 a
28	Number of Medical Treatment Cases (MTCs, i.e., injuries on duty leading to medical treatment, but no lost days)	3	3		403-9 a
29	Number of Lost Time Injuries (LTIs, i.e., injuries on duty leading to at least one lost day)	3	4	0	403-9 a
30	Total Number of Recordable Injuries, including MTCs, LTIs and Fatalities	6	7	0	403-9 a
31	Fatal Injury Frequency Rate (FIFR, i.e., number of Fatalities per 200 000 person hours worked)	0.00	0.00	0.00	403-9 a
32	Lost Time Injury Frequency Rate (LTIFR, i.e., Number of LTIs per 200 000 person hours worked)	0.96	1.39		403-9 a
33	Total Recordable Injury Frequency Rate (TRIFR)	1.92	2.43		403-9 a
34	FIFR Target	0.00	0.00	0.00	403-9 a
35	LTIFR Target	0.50	0.50	0.000	403-9 a
36	TRIFR Target	1.00	1.00	0.000	403-9 a
Health		2025	2024	2023	GRI Standards
37	Number of employees who underwent induction and/or surveillance Medical Fitness Tests (including Diabetes, Hypertension, Heat Stress, etc.)	345	327	174	403-9
38	Number of new cases of NIHL identified	0	0	0	403-9
39	Number of baseline and/or surveillance tests for Chronic Obstructive Airways Diseases (COADs)	211	153	174	403-9
40	Number of new cases of COAD identified	0	0	0	403-9
41	Number of baseline and/or surveillance tests for Noise Induced Hearing Loss (NIHL)	10	153	174	403-9
42	Number of Malaria cases treated by on-site clinic	93	147		403-9
43	Number of on-site clinic visits for non-occupational injury and/or diseases	1 560	2 034		403-9





Environmental					
Energy		2025	2024	2023	GRI Standards
44	Total volume of Diesel consumed for vehicles and/or generators (litres)	979 791	1 859 606	257 590	302-1
45	Total volume of Aviation Fuel consumed by chartered flights (litres)	36 044	37 350	8 267	302-1
46	Total volume of Oxygen consumed for welding and/or other heat generation purposes (kilograms)	2 573	3 403	5 760	302-1
47	Total volume of Butane consumed (kilograms)	1 248	1 404	2 304	302-1
48	Total volume of Acetylene consumed for welding and/or other heat generation purposes (kilograms)	236	445	1 728	302-1
49	Total volume of Petrol consumed for vehicles and/or other equipment (litres) – Estimated	1 200	1 200	1 200	302-1
50	Total volume of LPG consumed for domestic/canteen use (kilograms) – Estimated	2 400	2 400		302-1
51	Total Volume of Electricity Purchased from municipal/national supply (MWh)	0	0	0	302-1
52	Total Volume of Electricity self-generated using diesel generators (kWh) – Non-renewables (2024 re-statement)	1 653 047	3 136 363		302-1
53	Total Volume of Electricity self-generated using solar panels (kWh) – Renewables (2024 re-statement)	1 338 794	471 974		302-1
54	Percentage of Electricity Consumption that was Self-Generated from Solar Panels	44.7%	40.7% <sup>1</sup>		302-1
Carbon Footprint		2025	2024	2023	GRI Standards
55	Total Carbon Emissions (Tonnes CO <sub>2</sub> e) – Scope 1	2 731	5 074	734	305-1
56	Carbon Emissions (Tonnes CO <sub>2</sub> e) – Scope 2	0	0	0	305-2
Water		2025	2024	2023	GRI Standards
57	Total Water Consumed from Groundwater Sources (m <sup>3</sup> )	41 615	25 840		303-5 a
58	Total Water Reused from Operational Sources (i.e. return water) (m <sup>3</sup> ) <sup>2</sup>	Not measured <sup>2</sup>	1 741		303-5 a
59	Total Water Consumed (m <sup>3</sup> )	41 615	27 581		303-5 a
Waste		2025	2024	2023	GRI Standards
60	Total Industrial Waste Generated (Non-hazardous including scrap steel, tires, construction waste, etc.) (kg)	7 474	5 083		306-5
61	Total Weight of Hazardous Waste Generated (including industrial and general waste classified as hazardous) (kg)	750	514		306-4
62	Total Weight of General Domestic Waste Generated (i.e. office, domestic, canteen) (kg)	12 300	4 055		306-3
63	Total Weight of Medical Waste Generated (kg)	119	54		306-4
64	Total Weight of Waste Landfilled (kg)	8 731	1 949		306-3
65	Total Weight of Waste Stored On Site (kg)	2 167	2 753		306-3
66	Total Tailings (Coarse) Disposed (m <sup>3</sup> )	52 218	84 266		306-4 & 306-5
67	Total Waste Rock Disposed (tonnes)	22 732	25 784		306-2

<sup>1</sup> Restated 2024 figure arising from data for one month of the period during which renewable power was delivered in 2024 moving from 'estimated' to 'known' data.

<sup>2</sup> Not measured for most of 2025 due to expansion of the surface water management infrastructure from which water is recovered for in-plant use.





Land Use, Biodiversity & Mine Closure		2025	2024	2023	GRI Standards
68	Total amount of land disturbed (ha) – (opening balance)	29.9	25.7		304-1
69	Total amount of land newly disturbed (ha)	1.5	4.2		304-1
70	Amount of disturbed land where no rehabilitation has commenced (ha)	0.8	3.7		304-3
71	Amount of disturbed land where rehabilitation has commenced (ha)	0.0	0.0		304-3
72	Total amount of land newly rehabilitated to the agreed upon end use (ha)	0.0	0.0		304-3
73	Does the company have a Biodiversity Action Plan in place to minimise impacts on biodiversity and ecosystems?	Partial	Partial	Partial	304-3
74	Does the company have a Mine Closure Plan in place to minimise long-term mine impacts on biodiversity and ecosystems?	Yes	Yes	Yes	304-3

Environmental Non-Conformances		2025	2024	2023	GRI Standards
75	Level 1 – Insignificant	5			307
76	Level 2 – Minor	9			307
77	Level 3 – Moderate	32			307
78	Level 4 – Major	0			307
79	Level 5 – Catastrophic	0			307

Environmental Incidents		2025	2024	2023	GRI Standards
80	Level 1 – Insignificant	2			306
81	Level 2 – Minor	5			306
82	Level 3 – Moderate	15			306
83	Level 4 – Major	0			306
84	Level 5 – Catastrophic	0			306



# Independent Third-Party Assurance Statement

## To the Board and stakeholders of Next Source Materials (hereafter, NextSource):

Integrated Reporting & Assurance Services (IRAS) was commissioned by **NextSource** to provide independent third-party assurance (ITPA) over the contents of **NextSource's** 2025 ESG Report covering the period 01 January to 31 December 2025. For the purposes of this statement, "the Report" refers to the ESG Report in both the printed and downloadable/online version, as well as all relevant supplemental information made available via the web at [www.nextsourcematerials.com](http://www.nextsourcematerials.com).

## Assurance Standard Applied

To the best of our ability, this assurance engagement was conducted to meet reasonable assurance expectations as defined by various assurance standards and guidance taken from experience gained over a 26-year period.

## Independence, responsibilities and limitations

IRAS was not responsible for the preparation of any part of the Report and has not undertaken any commissions for **NextSource** in the reporting period that would compromise our independence. The preparation of this Report is solely the responsibility of **NextSource**, where any input from IRAS was limited to providing ongoing guidance of where early drafts of the report may have appeared to fall short of reasonable reporting expectations.

IRAS's responsibility in performing its assurance activities is to the Board and management of **NextSource** alone and in accordance with the terms of reference agreed with them.

IRAS's responsibility in performing its assurance activities included a site visit to the company's operations in Madagascar, inclusive of testing key sustainability performance data at source. In addressing any limitations with respect to the testing of data, IRAS engaged with key personnel to test the reliability of data and processes used to collect, collate and report performance data prior to the data being published in **NextSource's** 2025 ESG Report.

## Competence

Our assurance team was led by Michael H. Rea, a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 26 years' experience in environmental, social and governance (ESG) performance measurement, including ESG reporting and assurance. Inclusive of this engagement, Michael has completed 129 assurance engagements for 53 companies across 15 industries and has completed 189 assurance site visits in 25 countries to test data at source.

## Assurance objectives

The objectives of the assurance process were to...

- Assess the extent to which **NextSource's** ESG reporting adheres to standard reporting principles of Materiality, Impact, Neutrality/ Balance and Comparability.
- Assess the extent to which **NextSource's** collection, collation and reporting of key sustainability data meet reasonable expectations for accuracy, consistency, completeness and reliability, as tested at both the desktop and on-site/source levels.
- Assess **NextSource's** ability to provide transparent disclosure of quantitative comparable sustainability performance data in a manner that fairly represents the impact the company's policies, procedures, systems and controls are having on previously defined targets and objectives.
- Assess the extent to which the Report adheres to reasonable local and international expectations for reporting in the global Mining sector.

The objectives of the assurance process were to:

- Assess the extent to which **NextSource's** reporting adheres to the standard reporting principles of **Materiality, Impact, Balance/ Neutrality** and **Comparability**.
- Assess the extent to which the collection, collation and reporting of sustainability performance data from **NextSource's** operations meet reasonable expectations for accuracy, consistency, completeness and reliability, as tested at the on-site and desktop/off-site level.

Assess the extent to which **NextSource's** 2025 ESG Report adheres to reasonable local and international expectations for effective reporting.



**Scope of work performed**

The process used to arrive at our assurance opinion is based on IRAS’s in-house developed sustainability data criteria, guidance from the AccountAbility AA1000 suite of standards, as well as other best practices in assurance including the following:

- Meetings with key **NextSource** personnel responsible for the preparation of the Report to assess adherence to the principles of **Materiality, Impact, Balance/Neutrality** and **Comparability**.
- Reviews of sustainability performance measurement and reporting procedures – inclusive of reviews of **NextSource’s** sustainability data consolidation process – at **NextSource’s** mine and offices in Antananarivo (“Tana”), via management interviews with the reporting team, as well as through desktop research and analysis.
- A review of data collection, collation and reporting procedures at the point of data generation (i.e., on-site), with specific reference to not only the list of Selected Sustainability Indicators (below), but of ALL of the sustainability data points contained in the Report (at no less than the level of reasonability).
- Reviews of drafts of the Report for any significant errors and/or anomalies, inclusive of any lapses in the reporting of material issues identified during our internal and external materiality assessments.
- Reviews of drafts of the Report to test for adherence to reasonable reporting expectations.
- A series of interviews with the individuals responsible for collating and writing the ESG Report to ensure that ALL sustainability performance assertions could be duly substantiated.

Although IRAS reviewed the reasonability of all sustainability data indicators contained within the Consolidated Sustainability Data Table in **NextSource’s** 2025 ESG Report, specific attention and further review was paid to the following key sustainability indicators:

<b>Labour</b>	<p><b>Employees &amp; Contractors</b></p> <ul style="list-style-type: none"> <li>Total number of Employees by Category (i.e., Permanent and Casual)</li> <li>Total number of Contractor Employees</li> <li>Total number of Person Hours Worked (PHW) for employees and contractors</li> </ul>
<b>Health &amp; Safety</b>	<p><b>Injury Frequency Rates</b></p> <ul style="list-style-type: none"> <li>Lost Time Injury Frequency Rate (LTIFR) per 200 000 PHW</li> <li>Total Recordable Injury Frequency Rate (TRIFR) per 200 000 PHW</li> </ul>
<b>Environment</b>	<p><b>Fuels Consumption</b></p> <ul style="list-style-type: none"> <li>Total volume of diesel consumed, for all purposes</li> <li>Total volume of aviation fuel consumed on chartered flights</li> <li>Total volume of oxygen consumed (combusted for welding purposes)</li> <li>Total volume of butane consumed</li> <li>Total volume of acetylene consumed for welding purposes</li> <li>Total volume of petrol consumed</li> <li>Total volume of LPG consumed</li> </ul> <p><b>Carbon Emissions</b></p> <ul style="list-style-type: none"> <li>Total volume of Scope 1 Emissions generated through the combustion of fuels</li> </ul> <p><b>Water Consumption</b></p> <ul style="list-style-type: none"> <li>Total volume of water consumed from all wells and/or other abstraction sources</li> </ul> <p><b>Environmental Incidents &amp; Non-Conformances</b></p> <ul style="list-style-type: none"> <li>Total number of Environmental Non-Conformances – Levels 1 to 5</li> <li>Total number of Environmental Incidents – Levels 1 to 5</li> </ul>





### **Findings and recommendations**

Based on our analysis of **NextSource's** sustainability data collection, collation and reporting, we believe the company's sustainability processes meet reasonable expectations for accuracy, consistency, completeness and reliability in the context of the business and **NextSource's** reporting expectations.

### **Reporting and assurance principles**

- The content of the Report does not differ in any significant way from our analysis of the material issues identified for and discussed with **NextSource**. Although we found no concern with respect to the quality of systems and controls for managing risks, we believe **NextSource** might benefit from updating its materiality determination process to test the possibility that more current material issues should be duly considered. Aside from this finding, we believe that **NextSource** meets reasonable expectations for **Materiality** determination, management, and reporting.
- As per a review of management assertions, it is reasonable to assert that **NextSource** addresses its most material impacts on stakeholders and the natural environment in which it operates through risk management policies and procedures at both the Group and Operation Unit levels. We believe **NextSource's** activities, inclusive of but not limited to the content discussed within the Report, meet reasonable **Impact** expectations.
- As per a review of assertions, inclusive of management interviews and reviews of the Report, **NextSource's** reporting of the Company's successes and challenges during the reporting period is fair and balanced, thereby meeting reasonable **Balance/Neutrality** expectations. No issues were identified as not disclosed within the Report.
- As per a review of management assertions, inclusive of management interviews and reviews of quantitative/numerical performance information, and alignment of the Report to relevant guidance materials, **NextSource** provides a reasonable level of sustainability performance data transparency in a manner that allows for comprehensive benchmarking against peer companies, thereby meeting reasonable **Comparability** expectations.

### **Sustainability data performance**

- **NextSource's** systems for data collection, collation and reporting appear to be sufficient to allow for the internal and external reporting of the Company's performance. However, the future deployment of a sustainability data management system is predicted to improve the monitoring and management of **NextSource's** sustainability performance via improved control procedures to ensure data is accurate, reliable and timeously reported.
- All data tested was found to be accurate, reliable and consistent in terms of both local and international reporting norms, with no concerns identified during the review of the key sustainability indicators included within the sustainability data table included in the Report.
- Based on the depth of sustainability data reporting within the Report we believe that **NextSource** provides reasonable public disclosure of the Company's most material sustainability performance data.

### **Conclusions**

Based on the information reviewed, IRAS is confident that the Report provides a reasonably comprehensive and balanced account of **NextSource's** sustainability performance for the period under review.

The data presented is based on a systematic process, and we are satisfied that the reported performance data fairly represents the current performance of **NextSource**, while meeting assurance and reporting principles of **Materiality, Impact, Balance/Neutrality** and **Comparability**. Moreover, and although the quality and/or quantity of data could be further improved, we believe that **NextSource's** 2025 ESG Report demonstrates leadership with respect to sustainability data transparency, particularly in the context of sustainability performance in Madagascar.

For and on behalf of **Integrated Reporting & Assurance Services (IRAS)**,

**Michael H Rea**

Managing Partner and Lead Certified Sustainability Assurance Practitioner (LCSAP)

Johannesburg, South Africa

<DATE>





# Glossary

<b>ARC</b>	Audit and Risk Committee
<b>CSR</b>	Corporate Social Responsibility
<b>EV</b>	Electric Vehicles
<b>FY</b>	Financial Year
<b>GHG</b>	Greenhouse Gases
<b>GRI</b>	Global Reporting Initiative
<b>IFC</b>	International Finance Corporation
<b>ICMM</b>	International Council on Mining and Metals
<b>LTI</b>	Lost Time Injury
<b>PV</b>	Photovoltaic
<b>SC</b>	Sustainability Committee
<b>TCFD</b>	Taskforce on Climate-related Financial Disclosure (a.k.a., IFRS S2)
<b>VPS</b>	Vice President: Sustainability





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NextSource Materials Inc. is a strategic materials development company based in Toronto, Canada that is intent on becoming a fully integrated, global supplier of critical battery and technology materials needed to power the sustainable energy revolution. NextSource Materials is listed on the Toronto Stock Exchange (TSX) under the symbol "NEXT" and on the OTCQB under the symbol "NSRCF".